Panel 3 Discussion

Mr. Cook: We have a few minutes. We're running over, but we want to take your questions at this time. Who wants to be first? I was intrigued by comments yesterday. I think Karin was talking about the alliances between barge operators and truck operators. And you mentioned today, Mr. Roos, that some container barges were owned by trucking companies. Is that right? Could you elaborate for just a minute about the alliances between trucking and barges?

Mr. Roos: Well, in our country the trucking firms, of course, transport for our country, and it's a very important trade. And also road transport certainly is quite strong. But the start of those trucking companies was on water. They started on water and went to land, and now they are coming back.

So, the big firms in our country said about five or ten years ago, how do we get to the ports, how do we get to Rotterdam? How can we get there without congestion? And they made it clear that they thought inland shipping was the best solution to that. And so many trucking firms started container terminals and, of course, connected to them using vessels. So, they are much more involved. They are not only thinking in tire or in kilometers of asphalt, but they are thinking as more logistical integrators. And that's a big difference in their thinking.

And also behind those companies are big German companies who have lots of contacts with the industry. So, this is the real start. It's not from the inland shipping itself, but the merger of those interests that make it possible.

Mr. Cook: It's a by-product of road congestion?

Mr. Roos: Of course, enterprising of it is the real start, yes.

Mr. Cook: Questions? Charlie, you have one? Tell us who you are, Charlie.

Mr. Lehman: Charles Lehman. I want to congratulate. This is one of the best panels that we've had. It's a great panel. But I just wanted to ask Bob one question. On the 33 percent growth that you showed, is that ton-miles, of is that just tons?

Mr. Pietrowsky: That's in tons, and that's unconstrained. So, weather delays or other congestion would actually result in some kind of modal split, that would be different, and some traffic would be diverted and would have to be still analyzed. But it's still a significant comparison when you think about 20 years.

Mr. Lehman: Thank you.

Mr. Cook: Tom.

Mr. Wakeman: Tom Wakeman. Mr. Doyle spoke of modifying the BC ration equation. That that current equation is applied to waterways and doesn't apply to other modes of transportation. He also spoke, and I think Harry spoke of a variety of other potential parameters in that equation. Is IWR doing anything to evolve beyond our current principles and guidelines and is that something we could offer to Congress?

Mr. Pietrowsky: There is actually a lot going on. And some of it is in the form of pilots, the way Harry described. I remember a national waterways conference I think two years ago where I did a presentation on innovative methods of evaluating inland navigation benefits and things like emissions and the impact on highways and roads if traffic is diverted.

These are beginning to by quantified and are beginning to be applied on a case study basis by some districts and studies across the country. Likewise, there is a similar effort on deep draft navigation. And we've been working with the North Atlantic Division on the same kinds of innovative methods on deep draft. But it's a slow process. There are not a lot of resources available for the Corps to pursue this.

One hope is, just this week IWR and headquarters met with the National Academy of Sciences. They have a committee focusing on planning analysis. And there may be some recommendations flowing from that that could encourage some improvements, some modernization. It may be an incentive for some funding to do that. So, I think we're moving in the right direction, but it is slow.

Mr. Cook: Yes, there are such topics as social well being, regional development, water compelled freight rates, a big subject there, other benefits that flow from the waterway program besides just national economic benefits.

Mr. Pietrowsky: And this isn't the most popular thing to say, but there is a double edge to the sword. The fact that deep dredge vessels are bringing in more containers that could result in more road traffic is another impact that we would think would have to be quantified, if we're going to be consistent. And there is some concern over that.

So, it's not all a good news story. It's a complicated story, and it may not always be a winning story, depending on the situation. But it is being looked at.

Mr. Doyle: Harry, let me just say that whatever we do, I think it makes a lot of sense for us to be re-looking at 20-year-old system for formulating project benefits and costs.

But whatever we conclude with respect to that issue, whatever ability we identify to be able to put numbers next to factors that aren't currently being considered, I think it would be a major mistake for us to limit our marketing and our ability to tell the positive story just to those formulas.

Because in the political realm, common sense does continue to work, believe it or not, in many instances. People know intuitively when there's a problem that has to be dealt

with, and a situation that represents progress that needs to be made. And our inability to place a number on that is not and should not be a barrier to continue to sell these kinds of projects and these kinds of programs with those other arguments.

Mr. Cook: Perhaps it is time, John, as you suggested, to consider another national water resources policy and a national waterways policy commission to review these subjects. There is going to be a national conference this fall sponsored by the American Water Resources Association. Gerald Galloway is spearheading the effort to look at all aspects of national water policy.

This lady over here has been trying to get the floor for about three minutes.

Ms. Johnson: Peg Johnson is my name. And this is for Mr. Roos. I think I may have missed it, but you mentioned that your waterways are free. I'm wondering how they are paid for, their maintenance and operations? How are they financed, especially when you have such a complicated intracontinental system?

Mr. Roos: Well, it's a difficult problem. The EU is not the USA. But, for example, in our country, it's political decisions, and political pressures which dictate how much money is spent for inland shipping for the canals in Germany. There are some fees for the canals, but only a small part is paid. In Belgium it's also small dues, not very high. In France, well, there's not that much investment there. The French waterways receive money not only from inland shipping, but also from the electricity firms and international shipping. So, in that respect, the French system is quite interesting, and maybe this will be the future for Europe. I'm not sure about it, but big interests other than inland shipping pay for the waterways.

Mr. Cook: Thank you very much. Our time has run out, but we're going to take a couple more questions. One in the back.

Mr. Russo: Hi, my name is Edmond Russo, Operations Manager, Operations Division in the New Orleans District. We had a number of discussions about how to pay for construction and maintenance of waterway projects. There is, of course, the component of lock operations and so forth and maintenance, but also a huge component is dredging of the channels.

And it's always, a penny saved is a penny earned. And with the rising costs of dredging the channels, it's noteworthy to look at both sides of the equation: how to pay for those, but also how to look at the rising costs. And those costs are generated from a number of different areas.

One would be that more and more we are being requested to maintain the channels with a lot more emphasis on increased reliability. That's a real challenge because it drives costs up geometrically.

Another reason is that with environmental considerations, we are under a lot of pressure to beneficially use the dredge material. That drives the costs up. And in addition, there is a restriction in the competitiveness of dredgers internationally. Only American companies can dredge, so that limits competition. The supply and demand, there's a large disparity between those, and that's another force driving costs up.

There is not much incentive for U.S. dredging firms to add to the dredging fleet, nor to increase plant capabilities of the existing inventory. And for projects we have to maintain a higher rate of reliability as well as face increased requirements for beneficial use. Those are very important considerations on the cost side.

Mr. Cook: Valid considerations. Final question. John Pisani.

Mr. Pisani: I have a recommendation I'd like to present to the panel. You all spoke about the comparison of Europe and the United States, with more people, more congestion, and less space.

One of the areas I think John Doyle spoke about is trying to get the public to recognize really truly that if all the bulk commodities you spoke about, and now even containers, have to continue to move over our roads, and even rail, there's so little that's been done in the area of showing the environmental impacts of shifting all that cargo to the road system.

There has been some research done, but why doesn't PIANC and the U.S>, John's organization certainly, Harry, yours, and many others, the Institute for Water Resources, combine in one effort to put all that together and document it. It's been fragmented, and there is a need for that.

Our Congress and even our legislators, politicians, pay attention when they see those numbers. What would occur if we didn't use the waterways and all of this material had to be shifted, and what's the impact on air pollution, and what's the impact on the roads, and all the environmental impacts?

And clearly there's an effort where I think Europe and the United States need to take the lead. And everything is there to do it, but no one seems to want to bring that together.

So I would really make that a recommendation of this conference that such an effort be undertaken. Thank you.

Mr. Cook: Good recommendation.

Mr. Doyle: John, some part of our story, our Waterways Work story, is the beginning of demonstrating that case. You saw some of the slides, for example, that Les used, that had that string of trucks, the 9 billion plus gallons of fuel that would be saved, the additional amount of air pollutants that would be put into the environment.

So, some part of our case involves trying to sell those issues in understandable terms, but clearly more can be done.

Mr. Cook: Well, thank you very much. We could go on with our discussion the rest of the morning, but unfortunately there's another panel coming up in a few minutes. Before we adjourn, I want to introduce a member of the audience who's joined us during our discussion, former Chief of Engineers Val Heiberg. Val, would you take a bow?

I thought the discussion raised today a lot of interesting questions, and our panelists will be available during the rest of the day to answer your questions. Give them a big hand.